

**MINUTES**  
**STORMWATER UTILITY AD HOC COMMITTEE**  
**TENTH FLOOR CONFERENCE ROOM -- CITY HALL**  
**THURSDAY, FEBRUARY 16 -- 6:00 PM**

**MEETING WAS CALLED TO ORDER AT 6:00 PM**

**MEMBERS PRESENT:**

Councilmember Paul Novak, Chair  
Jim Ecklund, Industrial Council  
Bill Vincent, Commercial Rep.  
Rick Kibbey, 300 Shepard  
Cinda Eltzroth, 600 E. Holmes  
Liz Hassler, Labor Council  
Gretchen Couraud, LRCC  
Lloyd Teets, 116 E. Elm Street

**OTHERS PRESENT:**

Bob Clegg, City Engineer  
Doug Rubley, Finance  
Suresh Sangal, McNamee, Porter Seely  
Mary Margaret Murphy-Wall, Citizen  
Greg Koessel, Internal Auditor

**PUBLIC COMMENT ON AGENDA ITEMS:**

None

**DISCUSSION/ACTION:**

Mr. Clegg distributed to Committee members a Cost to Comply with Mandates and a Stormwater Cash Need for CSO Control Program handout. He conducted an informational presentation, which included a review of the handouts. He noted the necessity to focus on mandates required by EPA relative to pollution problems. He indicated that the Stormwater Control Program was mandated by means of the 1987 Clean Water Act Amendments. Because the City argued successfully that the CSO Control Program excluded large sections of the City's population from a separate storm sewer system, the City was waived from this mandate. He stated; however, when the City separates their sewers, once again the City will fall under the mandates of the regulation formed in 1987 by the Clear Water Acts. He indicated sources of funds need to be identified for that program. Mr. Clegg stated that the City will have to

comply with two parts under the Stormwater permit requirements, which would cost approximately \$500,000.

Mr. Clegg indicated that under current Council policy the CSO Control Program is to be funded from 50% by sewer rates and 50% by general fund. He noted that the chart and graph handouts reflect the 50% cost that comes out of the General Fund. He clarified that the term General Fund and the term Storm Sewer Share is one and the same. He stated that the total costs of the program, which will require about 30 years to complete, is estimated at \$176 million in 1990 money.

Mr. Kibby requested an analysis on the moneys used in the Cost to Comply with Mandates chart regarding what portion of the "needed cash" is interest and what portion is principal.

Mr. Clegg reviewed the "Stormwater Permit Needs" chart and stated the assumptions considered in the chart. He indicated that the expenses reflect the assumption that the City will begin the permit process and as a requirement of accumulating information and preparing reports, then file with the DNR and EPA who in turn will require the City to implement "Best Management Practice." Some broad assumptions made in the "Stormwater Permit Needs" to achieve the goals of the stormwater implementation mandate, are to increase efforts considerably in public education, private property owners improving maintenance of their parking lots and catch basins, sweeping public streets more frequently, and cleaning catch basins more frequently. Presently, the street sweeping and the cleaning of the catch basins are supported by Act 51 money. Currently 4% of the General Fund Budget for CIP is just under \$4 million a year but will increase for this program to approximately \$14 million a year.

Mr. Clegg explained the importance of compliance with the CSO Program and repercussions for non-compliance.

Alternatives investigated to obtain needed funds without greatly affecting other City resources are as follows: 1) Property tax increase of 4 or 5 mil. 2) Utilized additional Act 51 dollars and shift more of the burden over to the street program. (The street program currently has a 19.4 million backlog). 3) Special assessments (Under the current process for calculating special assessments this would generate 17% of the total cost of the program and would affect 50% of the population or 40% of property owners on an annual basis for approximately \$3,000 or \$4,000). 4) Stormwater Utility (further examination needed). Mr. Clegg explained the Stormwater Fund will generate revenue from tax exempt property. The fund would return the street maintenance revenue back into the Street Maintenance Program and further the City's policy toward source pollution control.

Mr. Clegg indicated that the Mayor would like this program implemented by July 1, 1995. He reviewed the time-line chart that he submitted to the Committee.

Question was raised as to what portion of property in the City is under the Stormwater Utility. Mr. Clegg indicated that he would provide a break-down.

Chair Novak requested a draft form of the Stormwater ordinance for review for the purpose of adopting the recommendations of the draft Stormwater Enterprise Fund Program Report. Mr. Clegg indicated that three different ordinances from other cities having programs similar to the recommended ordinance were submitted to the City Attorney's office.

Chair Novak listed questions relative to the purposed Stormwater Enterprise Program. Questions are as follows:

1) Discussion with respect to how much of the system's costs are allocable to storm sewers verses sanitary sewers. Mr. Clegg indicated that the intention of the Program is only to cover costs of the storm sewer system, not the sanitary sewers. He stated that the assumption is that 50% of the flow is storm sewer and 50% is sanitary sewer as both flow in the same pipe. Is there estimates for both sanitary and stormwater flow that might appropriately reflect a re-visitation of the 50%/50% breakdown?

2) In respect to the Cost to Comply with Mandates chart and graph, Chair Novak requested the following information: What portion of the "cash need" is interest and what portion is principal

3) Assuming that the City would levelize over an annual basis, what would the amount be; and what is an estimate as to what the expenditure needs would be over the same period of time.

4) What are the distributed consequences of using different funding mechanisms to meet revenue needs in terms of industrial, commercial, and residential customers? What would the breakdown be if funds were rescued through an increase in millage rather than having a fee system support the revenues? How much revenue would be generated by virtue of a fee basis, as opposed to a tax basis, from entities not subject to tax? Also, calculate the tax exempt commercial group numbers though different methodologies. Establish what portion of the commercial group is tax exempt properties.

Mr. Clegg indicated that the Cost to Comply with Mandates figures apply to the City as a whole, including undeveloped properties.

5) Submit a comparison with a tax option and a fee option in terms of what burdens are imposed upon between different user classifications.

Also, a comparison within classifications having one fee assessed against each residential customer rather than one fee based on the market value of a property.

Mr. Clegg stated that three CSO options were considered: 1) detention basin only 2) combination of detention and separation, and 3) separation. He indicated that the lowest cost option is separation, \$176 million, next was the combination of detention and separation, approximately \$200 million, and then total detention was the highest, approximately \$250 million. He conveyed to the Committee reasons that the separation option is the best option for the City.

Ms. Couraud requested Mr. Clegg provide to the Committee a copy of the policy adopted in 1983 that incorporated the 50% funding by sanitary sewer and 50% by general fund. Mr. Clegg explained the process used before the CSO Control Program was implemented in 1991.

Mr. Clegg made clarification to the Committee concerning the figures used in Table 8 on Revenue Requirements and throughout the Stormwater Enterprise Fund/Program Draft Report.

Mr. Clegg briefed the Committee on the history of the Public Service Department's budget.

Chair Novak requested a break-down for the year 1995 on the sources of revenues that are being utilized to meet costs, Act 51, General Fund, etc., and assuming the City actually funds the costs necessary to implement and operate the Stormwater Utility, how much of that money would be freed up to do the conventional things that the funds were meant to do.

### **OTHER**

### **ADJOURN**

The Committee adjourned

Respectfully submitted,

Terese Horn  
Senior Secretary

Approved by the Committee.

**Signed by:**

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<b>PAUL NOVAK</b>	<b>DATE</b>
<b>CHAIR</b>	

/th  
Appropriate documents attached.